

Target Market Determination (TMD)

For the LIGO Residential Landlords Plus Insurance cover

About this document

This Target Market Determination (**TMD**) applies to the LIGO Residential Landlords Plus Insurance product. The **TMD** has been developed to provide our customers, distributors, and employees with the appropriate information to understand who these insurance products have been designed for and who it is not suitable for. This **TMD** describes the circumstances in which the insurance product is likely to be suitable. Customers who fit those circumstances are collectively called our **target market**.

Any terms defined in the LIGO Residential Landlords Plus Product Disclosure Statement (**PDS**) and Supplementary Product Disclosure Statements (SPDS) (if applicable) will have the same meaning unless otherwise stated in this document. Terms used in this **TMD** that are defined for the purpose of Chapter 7 of the Corporations Act, have the same meaning as under the Act.

In this document the terms “*Honan*” or “*LIGO*” refer to Honan Insurance Group Pty Ltd (AFSL No. 246729).

This **TMD** provides customers, distributors, and employees information about:

- the Issuer of this insurance product;
- the date from which the **TMD** is effective;
- the insurance product description;
- the customers for whom this insurance product is appropriate (being the **target market**);
- the customers for whom this insurance product is NOT appropriate;
- any distribution conditions and/or restrictions attaching to the insurance product;
- the reporting obligations of the distributors; and
- the review period(s) and events which may trigger a review.

This document is not intended to provide financial advice regarding coverage, nor does it form part of the terms of cover. In addition to the **eligibility criteria** requirements outlined in this document, the product is also subject to acceptance criteria. The **TMD** does not include all the factors We consider when We decide whether to issue the product.

This **TMD** is not a **PDS** which outlines the relevant terms, conditions, exclusions, Excesses, Your rights and obligations and insurance cover being provided. This document does not take into account any person’s individual objectives, financial situation or needs and is not intended to constitute personal advice. Customers should always consider the **PDS** for this insurance product which is available at www.ligoinsurance.com.au and any supplementary documents which outline the relevant terms and conditions under the insurance product to decide whether this insurance product is appropriate for their objectives, financial situation and needs.

1. The Issuer and the Distributor

The LIGO Residential Landlords Plus Insurance product is issued by Honan Insurance Group’s underwriting division LIGO. Honan is an agent of the Insurer, HDI Global Speciality SE - Australia (ABN 58 129 395 544, AFSL No. 458776, a limited liability company registered in Germany) (We, Us, Our) and acts under a binding authority agreement provided by the Insurer, to administer and issue Policies, alterations, and renewals.

2. Date from which the TMD is effective

This **TMD** is effective from 6th November 2024 until its replacement or withdrawal.

This **TMD** will apply to policies that are purchased or renewed on or after this effective date. We may review this **TMD** at any time. For historical versions of this document, please refer to our website at www.ligoinsurance.com.au

3. Insurance Product Description

This insurance product is for the LIGO Residential Landlords Plus Insurance. This insurance product provides insurance cover as summarised below and has been designed for customers in the target market to provide insurance cover against the following:

Key feature	Description of feature
Building Cover (Optional*)	Cover against physical loss or Damage to Your Building occurring during the Period of Insurance up to the Sum Insured stated in the Schedule.
Contents Cover	Cover against physical loss or Damage to Your Contents occurring during the Period of Insurance up to the Sum Insured stated in the Schedule.
Loss of Rent	Cover for up to 52 weeks Loss of Rent, if the Insured Property becomes untenable following a claim accepted under Section 1 or 2 of this Policy, limited to a maximum of \$850 per week.
Legal Liability	Cover for claims for compensation or expenses, which You become legally liable to pay in respect of Personal Injury or Insured Property Damage, in connection with Your ownership of the Insured Property because of an Event happening during the Period of Insurance up to the maximum Limit of Liability stated in the Schedule.
Rent Default	Cover for loss of Rent due to the occurrence of one or more of the Events noted under section 5, for the periods stated, if Your Tenant fails to pay the agreed Rent and is in breach of the Lease with You during the Period of Insurance up to the Sum Insured

*This cover only applies when Building cover is selected by You and is specified as covered in the Schedule

3.1 Key Policy Exclusions

Key policy exclusions and limitations of this product include (but are not limited to) the following:

1. Flood cover.
2. Action of the Sea, including any ocean, harbour, bay, or tidal water (other than that directly attributable to Damage caused by Tsunami).
3. The removal or weakening of supports or foundations for the purpose of alterations, additions, renovations, or repair.
4. Inherent defects, structural defects, or faulty workmanship or design.
5. Cyber Event, including denial of access, hacking, phishing, or the like.
6. Any Act of Terrorism or any action taken in controlling, preventing, suppressing, investigation or in any way relating to any Act of Terrorism.
7. War, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war or unrest, rebellion, revolution, insurrection, military or usurped power, looting, sacking, or pillaging following any of these.

Claims are subject to an agreed value limit (as selected by the insured and as specified on the policy schedule or in the PDS.)

Customers should refer to the LIGO Residential Landlords Plus Insurance **PDS**, which outlines the relevant terms, conditions, limits, exclusions, and Insurance cover being provided under the product, when making a decision about this insurance product.

4. Target Market

This insurance product has been designed for people who require Contents and/or Building and Contents insurance for their Residential investment property. Depending on their needs, customers can choose either Landlords Building and Contents

combined cover or Landlords Contents only cover. These insurance products are designed to be consistent with the likely objectives, financial situation and needs of customers whose eligibility criteria includes:

4.1 Residential Landlords Plus Insurance

Eligibility Criteria	Customers whom this product is appropriate for (Target Market)	Customers whom this product is not appropriate for
Type of Insured Property	Landlords of residential rental properties they own or are responsible for, such as a freestanding house, or townhouse, including Contents as defined by the PDS located at the Insured Property which the Landlord owns or is legally responsible.	Buildings and/or Contents which are, but not limited to: <ul style="list-style-type: none"> - not owned by the Landlord - used for commercial use (other than a home office) - located in a property on land greater than 0.5 acre in size - requiring Flood cover - where the Building forms part of a Strata Title - listed under 'Contents do not include' or 'Buildings do not include' of the PDS
How the Insured Property is used and occupied	Residential rental properties in Australia, which are: <ul style="list-style-type: none"> - rented to and occupied by a Tenant under a Lease, which is governed by the relevant state or territory Residential Tenancy Act; - managed by a Property Manager 	Where the Insured Property is used for or occupied by, but not limited to: <ul style="list-style-type: none"> - short term rentals (less than 3 months) - hotels, motels, or boarding houses - a commercial business (other than a home office*) - unoccupied for an extended period of time*
Condition of the Insured Property	The Insured Property meets the acceptable criteria, including being: <ul style="list-style-type: none"> - secure, watertight, structurally sound, and well maintained. 	Insured Property which is, but not limited to: <ul style="list-style-type: none"> - undergoing alterations, additions, demolition, repairs, or decorations to the insured property above \$50,000 unless permitted by the Issuer - being under initial construction - poorly maintained or in poor condition (for example, not secure, watertight and/or structurally sound) - not in a condition to be occupied (for example, not connections to electricity or running water)

*Please refer to the relevant sections of the PDS for definitions.

4.2 Customer Objectives and needs:

The insurance product including its key attributes is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market, as We consider that it provides the required type of cover for that class of customers. This has been determined based on an assessment of the insurance product including its key attributes. Individual customers will need to consider whether this insurance product meets their specific objectives, financial situation, and needs.

Key attributes	Need and objectives
Accidental loss or damage to Buildings* and/or contents	financial protection for loss or Damage to the Insured Property as a result of insured Events specific to Tenants occupying a rental property, and not excluded by this insurance product
Loss of Rent	for landlords who may encounter financial challenges if the property becomes uninhabitable or untenable, leading to a loss of income as a result of insured Events specific to owning a rental property, not excluded by this insurance product

Legal Liability	require and seek legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or Damage to other people’s property which occurs at the Insured Property in connection with owning the investment property and not excluded by this insurance product
Rent Default	for landlords who may encounter financial challenges if their tenant stops paying the rent owed under the rental agreement, as per the insured Events listed in the PDS, and not excluded by this insurance product

*Building cover only applies when selected by You and is specified as covered in the Schedule.

4.3 Financial situation

Our target market is a person who is able to pay Premiums, Excesses, and any gap amount between the amount the insurance product covers and the loss (in cases where the product does not cover the full extent of the loss) in accordance with the chosen Premium structure, Excess, fees, and government charges, having regard to personal circumstances and vulnerability or hardship considerations.

Relevant financial situation considerations include:

- Ability to potentially vary their Premium by considering different levels of cover/options
- Ability to potentially vary their Premium level by choosing your Excess
- Ability to choose to pay their Premium annually or by instalment

5. Distribution of this insurance product

This insurance product is designed to be distributed by Honan. The relevant Honan employees have received training, any applicable accreditation and are required to meet annual compliance reviews. This insurance product can only be issued to people where they are eligible for that cover in accordance with the application and/or acceptance/renewal criteria that has been approved in writing by the Issuer and which complies with relevant laws. Furthermore, the insurance product application process is structured to direct customers to the insurance option that best suits their needs and objectives, based on their answers provided during the application process.

Honan has distribution conditions in place to help ensure that this insurance product is only sold to customers in the **target market**. These conditions include:

- underwriting systems specifically designed to include questions that highlight applicants who do not meet the eligibility criteria.
- a new business application requesting information relating to the eligibility and acceptance criteria for the insurance product to determine whether the customer falls within the **target market** and whether this product should be offered to that customer, and for what Premium and Excess.
- Representatives involved in offering or arranging this insurance product are appropriately trained, understand the market this insurance product is designed for and how to identify customers falling within and outside of the **target market**.
- Internal processes and systems are in place to support distribution of this insurance product to **target market** customers.
- This insurance product is not able to be distributed outside of the Honan network.

The distribution conditions will make it likely that customers who acquire the insurance product are in the **target market**, as We consider that the distribution conditions are appropriate and will enable Us and Our distributors to direct the insurance product to the customers who fall within the **target market** set out above. This has been determined based on an assessment of the distribution conditions and the **target market**.

Where an insurance broker provides personal advice in relation to the insurance product it is that broker’s responsibility to ensure that acquiring the insurance product is in the best interests of the customer having regard to the customer’s objective, financial situation, and needs. Accordingly, when personal advice has been provided in relation to the insurance product the obligation under this **TMD** does not apply, to Honan, or the Issuer.

6. Reporting and Monitoring of this TMD

Honan will record, and report on, the following information in relation to this **TMD**:

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Complaints	All complaints in relation to this insurance product are reported to Us on a monthly basis and not later than ten (10) business days after the agreed complaints reporting date. This will include written details of the complaints. We are notified of all complaints within 2 business days.
Claims Data	Where relevant, all available claims data in relation to this insurance product on a monthly basis.
Communication from a regulator in relation to the product or TMD	Honan to report to Us on same day.
Significant Dealings	Honan will notify Us if Honan becomes aware of a significant dealing in relation to the insurance product that is inconsistent with the TMD within two (2) business days. This includes but is not limited to a consideration of the nature and degree of harm resulting from the issue of this insurance product to a retail customer.
Sales Data	Relevant sales and customer data in relation to this insurance product on a monthly basis. If Honan become aware that the cover is issued to a customer that was ineligible for cover in accordance with the application process, Honan will notify Us as soon as practicable after becoming aware of the matter, and within 10 business days.

7. Reviewing this TMD

We will review this Target Market Determination in accordance with the below.

Initial review	This TMD will be reviewed no later than two (2) years from the effective date to ensure it remains appropriate.
Periodic reviews	At least every two (2) years of the completion of the previous review
Review triggers and/or events	<p>This TMD will be reviewed earlier, if any event or circumstance occurs that would reasonably suggest that the determined target market is no longer appropriate, or this insurance product is no longer consistent with the likely objectives, financial situation and needs of customers in the target market. These events or circumstances are called review triggers. A review trigger might be where:</p> <ul style="list-style-type: none"> - a material change to the insurance product including the PDS, the policy wording information or assumptions upon which the TMD was formulated like the application process, pricing requirements or underwriting guidelines; - change of relevant law, regulatory guidance, industry code or feedback from regulators such as ASIC, APRA or other interested parties which has a material effect on the terms or distribution of the insurance product; - the insurance product has not been materially distributed and purchased in a way that is significantly inconsistent with this TMD; - feedback, such as significant or systemic complaints or claims issues, received from insurance brokers, distributors or customers who purchased the insurance product, which are of a nature that suggest to the Issuer that the TMD is no longer appropriate; - There is a reportable significant dealing in this insurance product. <p>This TMD will be reviewed within ten (10) business days of the occurrence of any of the review triggers above.</p>